



**ADVANCE SCT LIMITED**  
**(Company Registration Number: 200404283C)**

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**DISPOSAL OF SHARES IN SUBSIDIARY**

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**1. INTRODUCTION**

The Board of Directors (the “**Board**”) of Advance SCT Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s earlier announcement dated 14 May 2015 in relation to the termination of its exclusive agent relationship with Western Copper Co., Ltd (“**Western Copper**”), a company incorporated in Taiwan as a joint venture between the Company and a group of Taiwanese individuals to engage in the trading of copper balls consumed by Printed Circuit Board (PCB) manufacturers.

Pursuant to Rule 704(18)(c) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”), the Board wishes to announce that the Company and its wholly-owned subsidiary, Green World Holdings Ltd (“**GWH**”), have on 21 August 2015 entered into a sale and purchase agreement (“**SPA**”) with Tenneco Works Ltd (the “**Purchaser**”), an unrelated third party, to dispose of its entire interest in Western Copper comprising 6,754,785 issued and paid-up ordinary shares in the share capital of Western Copper (the “**Sale Shares**”), comprising 52.78% of the issued and paid-up share capital of Western Copper, to the Purchaser (the “**Proposed Disposal**”). The Proposed Disposal will result in Western Copper ceasing to be a subsidiary of the Company. The Purchaser is an investment holding company incorporated in the British Virgin Islands with Malaysian shareholders and directors unrelated to the Group.

**2. RATIONALE**

The Company is of the view that the Proposed Disposal is in the best interests of the Company and its Shareholders. At the end of 2014, the Group took over the copper ball manufacturing facility in Kunshan, Suzhou province, from Western Copper and has managed the production plant directly under the Company’s wholly-owned subsidiary, Western Metal Co., Ltd., in the province. The copper ball manufacturing facilities in China were initially set up by Western Copper, which has the expertise to run such operations. They were transferred to a wholly-owned subsidiary of the Company in 2014 via a sale and transfer transaction. However, Western Copper and its China subsidiary had remained the exclusive agents to market the copper balls produced by the Kunshan plant. As part of continuing the restructuring of the copper ball business, the Group decided to terminate the exclusive arrangement on 9 May 2015.

Western Copper has not generated the desired returns since its incorporation. In the financial year ended 31 December 2014 (“**FY2014**”), it generated a loss of approximately S\$1,053,000 and in the first half year of FY2015, it incurred a further loss of about S\$0.47 million. The disposal will turn Western Copper into a third-party buyer, to be treated equally among other buyers of the copper balls. The separation of manufacturing and trade is expected to enhance management efficiency and gross margin. Managing manufacturing and trading as two separate businesses will prevent cross-subsidising and better delineate accountabilities. At the same time, this will also enable the manufacturing entity to sell and distribute the

copper balls to other channels rather than exclusively to a sister company (ie. Western Copper, as it then was), and this is likely to generate competitive biddings and better margins.

Besides, the balance sheet of the Group will improve as a large amount of short-term borrowings is removed pursuant to the Proposed Disposal. The Group's copper ball trading business in China and Taiwan will not be affected by the Proposed Disposal.

The Board of Directors of the Company considers the terms of the Proposed Disposal to be fair and reasonable and in the interests of the Group, taking into account the factors described above. The aggregate consideration of S\$8,900 payable by the Purchaser to the Company and GWH for the Sale Shares are S\$5,200 and S\$3,700 respectively (collectively the "**Consideration**").

### **3. KEY TERMS OF THE PROPOSED DISPOSAL**

#### **3.1 Consideration**

The Consideration will be satisfied by the Purchaser in cash, out of which the Company and GWH will receive S\$5,200 and S\$3,700 respectively, payable on the date of completion of the Proposed Disposal (the "**Completion Date**").

The Consideration was arrived at on a willing-buyer and willing-seller basis, and the Board took into consideration the following:

- (a) Western Copper has not generated the desired returns since incorporation. It incurred a net loss of approximately S\$1,053,000 and contributed short-term borrowings of approximately S\$12.3 million to the Group and its subsidiaries for FY2014;
- (b) the separation of the Group's manufacturing and trade segments is expected to enhance management efficiencies and gross margins; and
- (c) the Group's retention of its copper ball manufacturing facility in Kunshan, Jiangsu province through Western Metal Co., Ltd., a wholly-owned subsidiary of GWH, will enable the Group to continue to operate its copper ball business in China and Taiwan unaffected by the Proposed Disposal.

Based on the unaudited consolidated financial statements of the Group for the six-month period ended 30 June 2015, the net book value of the Sale Shares as at 30 June 2015 amounted to approximately S\$3,000. There is no open market value for the Sale Shares as the shares of Western Copper are not publicly traded. No valuation on the Sale Shares was carried out in connection with the Proposed Disposal.

#### **3.2 Conditions Precedent**

Completion of the Proposed Disposal (the "**Completion**") shall be conditional upon the following conditions precedent (the "**Conditions Precedent**") having been fulfilled (or waived):

- (a) all necessary authorizations, consents, approvals, resolutions, licences, exemptions, filings, notarizations, lodgements and regulations, including any board and shareholders' approvals, required to enable each of the parties to lawfully enter into, exercise its rights and comply with its obligations in the SPA and effect all transactions contemplated under the SPA;

- (b) all other necessary consents, approvals and waivers being granted for all transactions contemplated under the SPA, not being withdrawn or revoked by third parties (including without limitation, government bodies, any stock exchange, including the Singapore Exchange Securities Trading Limited, and other relevant authorities having jurisdiction over the transactions contemplated under the SPA), and if such approvals, consents and waivers are obtained subject to any conditions and where such conditions affect any party, such conditions being acceptable to the party concerned, and if such conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion; and
- (c) each of the warranties and undertakings remaining true and not misleading in any respect at Completion.

#### 4. RULE 1006 FIGURES

##### 4.1 Relative Figures

The relative figures of the Proposed Disposal computed on the bases set out in Rule 1006(a) to (d) of the Listing Manual of the SGX-ST based on the Group's unaudited consolidated financial statements for the half year of the financial year ended 31 December 2015 ("1HFY2015"), being the latest announced unaudited consolidated financial statements of the Group are as follows:

|                |  |   |
|----------------|--|---|
| <b>1006(a)</b> | The net asset value of the assets to be disposed of, compared with the group's net asset value.  | 0.02%                                     |
| <b>1006(b)</b> | The net losses attributable to the assets acquired or disposed of, compared with the group's net losses.   | Not meaningful <sup>(1)</sup> :<br>10.62% |
| <b>1006(c)</b> | The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.   | Negligible                                |
| <b>1006(d)</b> | The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.   | Not applicable                            |
| <b>1006(e)</b> | The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. | Not applicable                            |

Note:

- (1) See paragraph 4.2(a) below.

#### 4.2 Application for the SGX-ST's confirmation under Chapter 10 of the Listing Manual

The Board notes that the relative figure under Rule 1006(b) of the Listing Manual of the SGX-ST (the "Listing Manual") does not exceed 20% but was calculated based on two negative figures being the net losses attributable to the assets proposed to be disposed of and the Group's net losses.

Under Chapter 10 of the Listing Manual, where any of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual is a negative figure, Chapter 10 may still be applicable to the transaction at the discretion of the SGX-ST and issuers should consult the SGX-ST.

The Company has written to the SGX-ST seeking the SGX-ST's confirmation that the Proposed Disposal need not be conditional upon approval by shareholders in general meeting based on the following principal reasons:-

- (a) the net asset value of Western Copper being disposed compared to the net asset value of the Group is negligible, at 0.02%;
- (b) since the Proposed Disposal involves a non-core subsidiary which has not generated positive returns since FY2014, the Proposed Disposal will not affect the nature of the Company's main business and it is reasonable in normal circumstances to expect Shareholders not to be overly concerned about the Proposed Disposal; and
- (c) it would be in the best interests of the Company that the requirement for Shareholders' approval be waived as the consideration payable to the Company for the Proposed Disposal is approximately S\$8,900, and hence should not warrant the Company incurring additional substantial expenses for the holding of an extraordinary general meeting.

The Company wishes to inform Shareholders that the Proposed Disposal will be subject to Shareholders' approval if the SGX-ST does not give its written confirmation that the Proposed Disposal need not be conditional upon approval by shareholders in general meeting, and the Company will convene an extraordinary general meeting to obtain such shareholder approval if required. The Company will provide further updates on the status of the response from the SGX-ST as and when there is any material progress.

#### 4.3 Confirmation from the Board

The Board is of the opinion that the Proposed Disposal is in the best interest of the Company and confirms that the application for the SGX-ST's confirmation that the Proposed Disposal need not be conditional upon approval by shareholders in general meeting will not be prejudicial to the interests of the Shareholders.

#### 5. OTHER INFORMATION

The Proposed Disposal is not expected to have a material effect on the net tangible assets per share or earnings per share of the Company for the current financial year.

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal other than through their shareholding interests (if any) in the Company.

#### 6. DOCUMENT FOR INSPECTION

A copy of the SPA will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this announcement.

**7. CAUTION IN TRADING**

Shareholders are advised to exercise caution in trading their Shares in the Company as the Proposed Disposal is subject to conditions precedent and there is no certainty or assurance as at the date of this announcement that all of the Conditions Precedent will be satisfied (or waived, as the case may be) or that the Proposed Disposal will be completed. The Company will make the necessary announcements when there are further developments on the Proposed Disposal. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

**8. RESPONSIBILITY STATEMENT**

The Directors (including those who may have delegated detailed supervision of the preparation of this announcement) collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries that to the best of their knowledge and belief, the facts stated and opinions expressed herein are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this announcement misleading.

BY ORDER OF THE BOARD  
**ADVANCE SCT LIMITED**

Benny Lim  
Group President  
24 August 2015